



Report to the Iowa General Assembly

IPERS reduced retirement waiting period exception

Licensed health care professionals in public hospitals

October 1, 2009

Summary

In 2004, the Iowa General Assembly recognized the health care worker shortage and the challenge that Iowa's public hospitals face, and effective July 1, 2004, licensed health care workers employed by public hospitals no longer had to wait four months after retiring to return to work on a part-time basis. Rather, the legislature reduced the retirement waiting period from four months to one month for this class.

During the 5 years since its inception, 76 licensed healthcare professionals in 34 different counties utilized the shortened retirement waiting period to help their public hospital employer with staffing needs on a part-time basis. Seventy-eight percent of those returning to work were nurses.

According to IPERS data, 23 percent of licensed health care professional retirees returned to work in a part-time capacity. Of those that returned to work, IPERS data reflects that 71 percent of them utilized the reduced waiting period exception to return to work at the public hospital. This percentage indicates that the exception is working as planned. The General Assembly provided for the exception because public hospitals were at a competitive disadvantage with private hospitals because retirees were able to return to work at a private hospital after 30 days instead of waiting for four months to return to work at the public hospital. The issue was not necessarily whether the retirees would return to work part-time, but where they would return to work. Prior to the exception, public hospitals were losing experienced health care professionals for part-time or as-needed staff to private hospitals; the reduced waiting period has eliminated that disparity as intended by the legislature.

The Iowa Hospital Association (IHA) recommends that the Iowa General Assembly remove the sunset on the reduced waiting period and expand the application of the shortened retirement waiting period to other non-licensed health care professionals employed by public hospitals that are consistently in short supply. Understanding that IPERS would like to include this issue in the next experience study, IHA supports a least a two-year extension of the current statutory exception to June 30, 2012 to allow not only IPERS to include it in the next experience study but also allow the IPERS legislative interim study committee to study and make recommendations on the issue in 2011.

Background

Approximately half of the hospitals in the state are public institutions and the other half are private, not-for-profit hospitals. Because of additional regulations placed on public bodies, public hospitals face unique challenges in work force recruitment and retention. Some of these limitations can actually make it more attractive for health care professionals to seek employment at private, not-for-profit hospitals.

IHA identified the IPERS retirement waiting period as one additional regulation for public hospitals that created challenges for public hospitals competing for health care workers with their private, not-for-profit counterparts. Due to the physical demands of clinical positions in a hospital, it is not uncommon for health care providers, especially nurses, to retire when eligible due to the physical stress of the work but then to return to work on a very limited basis to maintain a connection to the profession and the work caring for patients that the retiree enjoys. Because public hospital retirees could return to employment at a private hospital after one month, the four month IPERS retirement waiting period cost public hospitals the opportunity to have some of their most experienced workers return to work on an as-needed or part-time basis during the health care worker shortage. To help level the recruitment playing field between hospitals competing for staff during a worker shortage, IHA supported legislation reducing the IPERS retirement waiting period for public hospital employees to one month.

In 2004, the Iowa General Assembly recognized the health care worker shortage and the challenge that Iowa's public hospitals face, and effective July 1, 2004, licensed health care workers employed by public hospitals no longer had to wait four months after retiring to return to work on a part-time basis. Rather, the legislature reduced the retirement waiting period from four months to one month. As defined in the legislation, a public hospital would include a hospital licensed pursuant to Iowa Code chapter 135B and governed pursuant to chapter 145A, 347, 347A, or 392, municipal or county hospitals.

The legislation passed in 2004 had a sunset provision after a two-year period so that the impact to IPERS could be reviewed. In 2006, the Iowa General Assembly extended the sunset for this provision until 2010 to allow for additional study.

Findings

Although the reduced waiting period does not apply to all health care employees employed by public hospitals, it has made a difference for public hospitals facing shortages and retirements of licensed health care workers. During the first 5 years since its inception, 76 licensed healthcare professionals utilized the shortened retirement waiting period to help their previous public hospital employer with staffing needs on a part-time basis. The map attached to this document illustrates where those 76 employees are located in the state and designates them as either nursing staff or as another licensed health care worker. As illustrated on the map, this provision has helped public hospitals in 34 different counties across the state; approximately 78 percent of professionals utilizing it were nurses. The ability of public hospitals to bring back skilled, experienced professionals on an as-needed basis as quickly as possible is beneficial not only in terms of immediate patient care needs but also in terms of providing experienced mentors to new graduates.

According to IPERS data, 23 percent of the total public hospital retirees returned to work in a part-time capacity. Of those that returned to work, IPERS data reflects that 71 percent of them utilized the reduced waiting period exception. This percentage indicates that the exception is working as planned. The General Assembly provided for the exception because public hospitals were at a competitive disadvantage with private hospitals because retirees were able to return to work at a private hospital after 30 days instead of waiting for four months to return to work at the public hospital. The issue was not whether the retirees would return to work part-time, but where they would return to work. Prior to the exception, public hospitals were losing experienced health care professionals for part-time or as-needed staff to private hospitals; the reduced waiting period has eliminated that disparity as intended by the legislature.

The retirees returning to work do so on a part-time basis with a high percentage providing on-call or as-needed coverage to help cover shifts in times of illness, vacation, or high patient census. This information is confirmed by the IPERS data that stated that 92 percent of retirees returning to work in public hospitals earned less than the income cap of \$30,000.

While incredibly successful for the hospitals who have had experienced employees able to return back to work as-needed or on a part-time basis shortly after retiring, the shortened retirement waiting period has had very minimal impact on IPERS. Licensed health care retirees from public hospitals comprise approximately 2 percent of the total number of IPERS retirees. The legislative change allows employees to return after one month, rather than four months, but all other protections to the system still apply. Thus, any impact caused by the legislation would only be the difference of three months from standard IPERS retirees.

IPERS has suggested that this exception costs the system because younger members are not replacing the retiring members. However, this suggestion assumes that there are younger members available to replace the retiring members. Per IPERS administrative rules for this provision, a public hospital must advertise the position, conduct an employee search, treat the retiree like any other employee who has terminated the employment relationship, and not make an offer to the retiring employee within the first month of retirement. If there were qualified healthcare professionals available, the public hospital would not need nor would be able to hire the retiree back to work. Unfortunately, due to the health care worker shortage, this is not the case.

Conclusion

The Iowa General Assembly narrowly crafted the reduced retirement waiting period exception for licensed healthcare professionals in public hospitals because of the significant shortage of workers that are critical to the health and well-being of Iowans and the unique position that public hospitals face when directly competing for the short supply of staff with private hospitals. IHA asserts that it has been a successful policy change offering much needed help to Iowa's public hospitals with minimal impact on the retirement system.

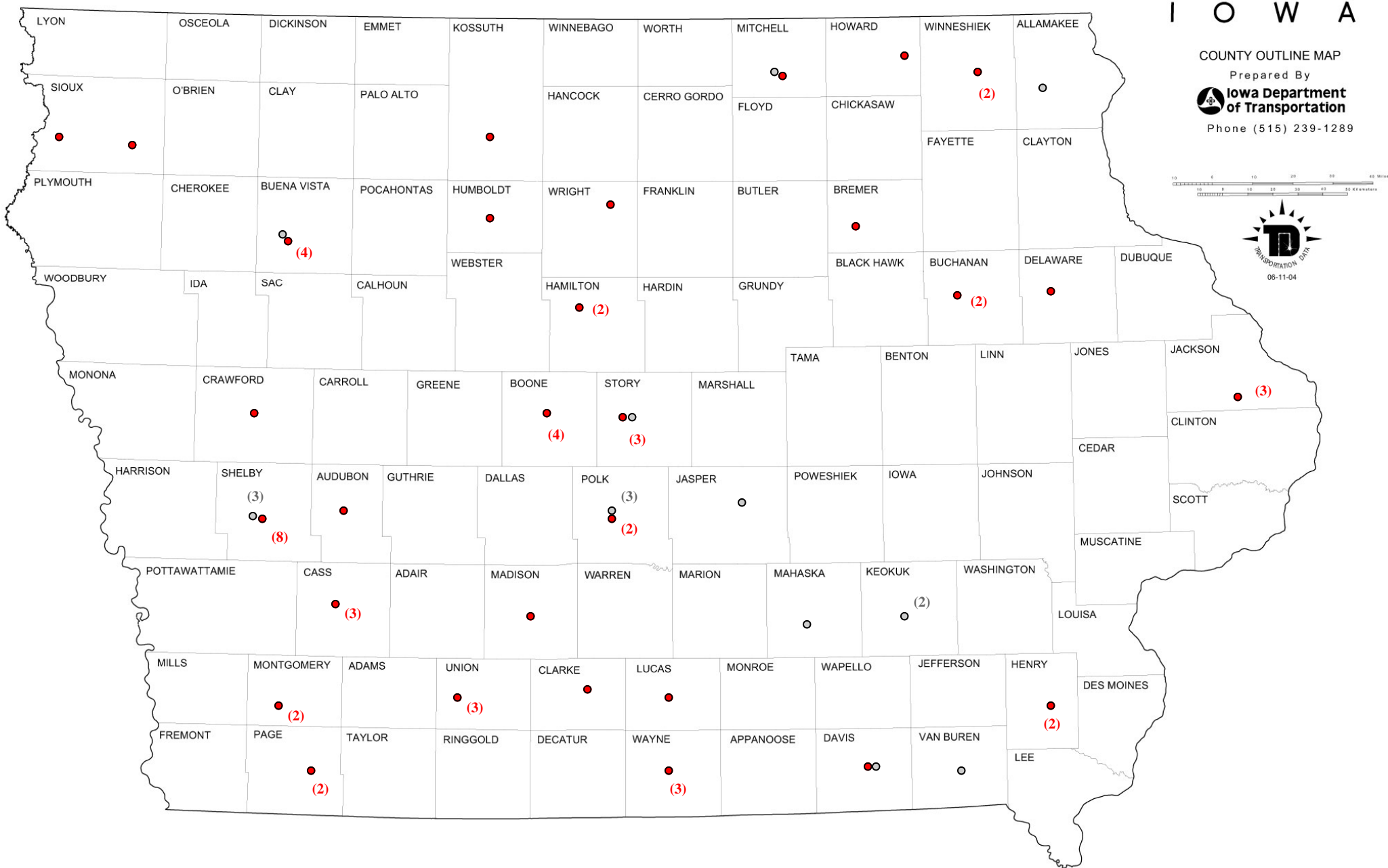
When commenting about Mary Greeley Medical Center's support of the shortened retirement waiting period, Betsy Schoeller wrote:

Given the on-going challenges of recruiting experienced health care professionals and the value of bringing older, mature workers back into the work force, I believe it is critical to quality health care in the state of Iowa to continue with the early return to work of these retirees. . . . Given the statistics provided by the Governor's task force on 'Connecting with Experience' that by 2010 one in three workers will be over the age 50, I believe it is critical that this program continue (and be expanded).

The shortened retirement waiting period could, however, be of more assistance to public hospitals struggling with the health care worker shortage. While most public attention has been placed on nursing, there are many other shortage areas for the health care workforce, not all of which are 'licensed.' For example, medical laboratory technicians, radiological technicians, and medical coders are all occupations listed in the top 15 vacancies in hospitals for the past 5 years but do not qualify for the shortened waiting period because they are not licensed.

IHA recommends that the General Assembly remove the sunset on the reduced waiting period and expand the application of the shortened retirement waiting period to other non-licensed health care professionals employed by public hospital that are consistently in short supply. Expanding the legislation will reach more shortage areas and remove the barriers public hospitals face when competing with private hospitals for all employees. In addition, IHA supports increasing the earned income cap to keep pace with inflation allowing health care employees more flexibility when returning back to work on a part-time or as-needed basis. These policies provide minimal risk if any to IPERS yet help Iowa's public hospitals meet the workforce needs in the future insuring that all Iowans have access to high quality care.

IHA has met with IPERS on the issue of the reduced retirement period sunset and understands that IPERS recommends a one-year extension to the reduced retirement waiting period to allow for further study. IHA supports the extension, but would support at least a 2-year extension, rather than one year to allow for the IPERS legislative interim study committee to address the issue during its 2011 meetings.



IPERS Shortened Retirement Waiting Period

Total Location Map (Contains FY05, FY06, FY07, FY08, FY09 Data)

Employee Total = 76

Trending:
FY05: 1
FY06: 18
FY07: 16
FY08: 19
FY09: 22

Key
Nurse ●
Other ○